

Connecticut Legislators,

Background

Let me introduce myself, my name is **Richard O'Grady** (owner/permittee) of the **Warren Spirit Shop in Warren, Connecticut**. (I reside in New Milford ,Connecticut (since 1988). I've owned the store for approximately 4 years. I bought the business as well as the building . I'm 61 years old and basically living out a dream of running my small business (liquor store) after 33+ years sales/sales management in the food industry (Kraft/General Foods/owned by Philip Morris). I have invested almost \$1 Million dollars in purchasing the business/inventory/real estate/upgrading the store appearance inside and outside.

Purpose of Letter

Provide a small business owners point of view of Governor Malloy's proposed changes to the law affecting the sales of alcoholic beverages in the state of Connecticut.

ISSUE

Governor Malloy's proposals if all approved is the proverbial "SCORTCHED EARTH POLICY"

It is designed to give big business(Box Stores,Supermarkets,Big Retailers in/out of state) major inroads that will all but destroy the current business environment.

Many of the proposals will lead/support the "WALMARTIZATION" of the Liquor Industry in Connecticut and destroy thousands of (jobs) both vertically & horizontally across the liquor industry . i.e.Hard working individual small business owners..(creation of even more empty store fronts in towns) and loss of jobs /who are current taxpayers in the state. There will be a major negative job impact on wholesalers & distributors(as the many store closings will)reduce the number of truck drivers , salespeople and headquarter personnel. Wholesalers & Distributor livelihoods will be threaten as well since I would anticipate that supermarkets & box stores will by direct bypassing in-state middlemen. To repeat: 60% or more of the small liquor store owners (I predict)will go out of business before the first 5 year review is held by the legislature.

The increased revenues predicted are ridiculous. Prices will not be lowered (if so...only temporarily) until the large box/chain/conglomerates run the smaller stores out of business...which then they will monopolize & control the marketplace.

I don't believe any of the changes are for the public good. The state is talking out of both sides of its mouth. We are constantly bombarded with "drink responsibly, don't sell to under age people and drunk driving is everybody's responsibility. The proposals support more not less consumption (i.e.: Sundays,Holidays,10pm , increase outlets etc.) It's all about the money but in the end the state will see

nowhere near the increase in taxes for 2 reasons: 1) people are not going to drink more 2) people on the borders go to the other states because it's cheaper ! Distributors pay the same price for a case of wine in Connecticut, Massachusetts, Rhode Island and New York. The reason Connecticut is higher is due to the multitude of taxes put on the liquor industry. Sunday openings or late night hours are not going to change customers perceptions or habits.

AGREEMENT (Yes on Proposals)

If I was forced to agree on changes

Sunday & Holiday openings are okay (although I would recommend stores be allowed to sell starting at 8am to 10pm 7 days a week.)This would allow some liquor stores to sell Sunday newspapers just like supermarkets & convenience stores. Those stores that border on other states would have a leg up on Sunday by being open 4 hours earlier than out of state competition.

Allowing beer wholesalers to utilize depletion allowances makes good business sense .

Additional food items in package stores is fine but won't make much of an impact. We need be allowed to have ATM Machines, chocolate liquor items, lemons, limes etc. as well as gas grill containers etc.. anything that goes with partying throughout the year.

DIS-AGREEMENT (NO on proposals)

All of the proposals I object to are designed to benefit the big box stores , supermarkets and create a business atmosphere that will encourage large conglomerates to develop...plus adding more convenience stores to the list of beer outlets will only lead to even more underage drinking & purchases . I also believe in the end there will be little benefit to the people in Connecticut but a big benefit to BIG BUSINESS. If people & politicians in this state don't care about small businesses then we will disappear quickly.

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Issues 1-3. Quantity Discount/Eliminate bottle minimum/eliminate wholesaler postings :

Issue

Talk to any "survivor" in the state of New York (which moved to all of the above about 5 years ago) and you will quickly hear horror stories of small retailers being driven out of business because of the quantity discount coupled with no minimum bottle. Those left in business had to get together & buy as a small conglomerate to enable them to compete with the super discounters. They buy as a group

and pick up at a central location. Even then there are "rumored" many abuses by distributors giving the larger outlets free cases to cover their profit margins thereby allowing them to sell under cost ((on top of the discount volume pricing.) In a word: Corruption galore!

Issues 4-6. Allow from 2 permits to 9 /eliminate 2500 people per store/medallion..ability to move anywhere in the state.

Issue

Designed for the supermarkets & box stores to dominate the market & eliminate competition.

Destroys the real value of an owners "goodwill" ...as medallions will be scooped up at the lowest price from those going out of business or hanging by a thread. Destroys current owner equity & retirement funds based on anticipated future profit from business sale.

Issue 7. Allow even more stores i.e. convenience stores to sell beer. Supermarkets have already captured the majority of 30 pack Can business due to their predatory pricing tactics of running ads at cost or \$1 profit. Now, the proposal is to give even more stores ability to sell beer. Teenagers buy illegal beer mostly in supermarkets & bars. Do we really want to expand their ability to purchase alcohol even more!

THANK YOU

Richard J. O'Grady Jr

Warren Spirit Shop

